Institutional change : preserving Excellence, values and mission

Proposal for a Management Philosophy for the Office for Central and Eastern European Initiatives ,
IDRC

Discussion Paper
by
Jean-H. Guilmette
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What causes institutions to disintegrate? How do they end up abandonning the values of excellence that originally charactarized them? Why do they find it so difficult to adapt gradually, in keeping with changes in technology, demand, and their environment? This text attemps to find answers for such haunting questions.

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IDRC has just experienced a number of successive blows: two reorganizations and two major budget and personnel cutbacks. The time has come to commit ourselves fully to internalizing new ideas. But how can we change our corporate mentality and institutional culture without destroying everything that made it strong and unique? How can we ensure that we adapt properly to such changes? This is the challenge faced today by all Centre managers and personnel. To meet this challenge, we must first answer a fundamental question:

> *"What causes institutions to disintegrate? How do they end up abandoning the values of excellence that originally characterized them? Why do they find it so difficult to adapt gradually, in keeping with changes in technology, demand, and their environment?"*

A specialized unit such as the Office for Central and Eastern European Initiatives (the Office) must constitute a positive force for change. Because it depends 100% on external funding, such a body may easily become a disruptive force, an unconscious instrument in undermining the parent institution's main values, an accomplice in the loss of its sense of mission. For these reasons, we felt it essential to clarify the values of the Office. These thoughts were inspired by the study of two cases in point: NASA and the Mayo Clinic.

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[1] The ideas expressed in this document are those of the author, and in no way reflect the official position of the IDRC.

This text makes no scientific claims: it is, at most, a personal testimonial and contemplation. It represents the outcome of my observations on the evolution of CUSO/SUCO (1965-72), CIDA (1972-1995), the African Development Bank (1979-1982), the OECD—and more specifically the Club of the Sahel— (1988-1993), and my short investigation into IDRC. It also reflects my reading over the years.

1) Excellence

How Does an Institution Lose its Soul?

1.1) The NASA Dilemma

When the Challenger booster exploded in mid-flight in 1985 or 86, the U.S. government carried out a complete audit of NASA. According to one expert, the O-ring problem was familiar to NASA personnel. However while the O-rings presented an indefinable risk (between 0 - 1), the anticipated financial impact associated with postponing the lift-off was enormous—not to mention the public image coup of the photo of the flight's young school teacher as she descended from the shuttle, which was to be featured by the entire American press. In short, NASA knew the exact costs of aborting the flight, but was not so certain as to the benefits. Taking preventive measures and avoiding the catastrophe would in fact destroy the proof that there was cause for concern. The booster would probably not explode because of the O-rings, but no one would ever be able to establish for sure that halting the operation had saved lives.[2]

According to an old adage, "an ounce of prevention is worth a pound of cure." However, public administrations obviously have enormous difficulty following this sage advice. Governments are finding it increasingly difficult to justify preventive action when both the media and the general public want to see taxes put to good use. When confronted with the NASA dilemma, officials naturally tend to let events take their natural course rather than anticipate problems and solve them before they turn into crises. What can be done in the face of such a dilemma?

1.2) The Loss of Excellence

Although several factors enter into play under such circumstances, investigators concluded that three elements in particular had prevented the right decision from being made.

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[2] J.-H. Guilmette et al, "Au-delà de l'aide d'urgence: alerte précoce, prévention des conflits et prise de décision," in *Actes de la rencontre internationale francophone, Ottawa, September 19 - 22, 1995.* Ottawa: Government of Canada, 1996.

First, NASA had long since abandoned its practice of "hands-on management." All relevant concrete experience and knowledge had been delegated (or relegated, in fact) to suppliers and consultants. By 1986, most NASA employees had become "process managers." In determining what course to take in a situation of great uncertainty, however, nothing replaces human intuition based on the consistent application of scientific tradition and practical experience. Another requirement is a critical mass of people with a common background able to reach a solid "intuitive" consensus.

Second, by the '70s, the recruitment of highly qualified staff appeared redundant. As all those Nobel Prize winners in NASA corridors seemed to affect cost-effectiveness (a technocrat's assessment, no doubt), it was decided to send them to work in research centres, where they could be consulted whenever needed. However, their absence was cruelly felt at the most crucial time. For one, these people were not on site to participate in the analysis and apply their unique knowledge to the problem. And mostly, their credibility could not be counted on to explain to the American public that delaying the flight would be the best decision.

Third, NASA had abdicated its role as industry leader. Without such leadership, everything is open to doubt, and any so-called expert can claim to have the miracle cure. The electronic media have become avid consumers of these charlatans, who compensate for their ignorance by their showmanship. Bombarded by the contradictory claims of such pretenders, the public no longer knows whom to trust. NASA could not exercise good judgment in this climate of uncertainty and hope to survive.

1.2) Are the Deterioration and Death of Institutions Inevitable?

There are some who feel that the best undertakings are destined to die out after a phase of productive maturity followed by an inevitable decline. We all know of at least one business or institution that has fallen apart over the past ten years. The market is pitiless, and systematically rids itself of ventures that cannot adapt to market and technology changes. The corporate graveyard is full of such failures: consider Pan-Am, for example. However, should we allow such a fatalistic vision to dictate the structure of our institutions and corporations? Isn't there a way to make good ideas last, to preserve the value of a mission while implementing the periodic changes necessary? It is rarely the original concept that is at fault. After all, the notion of transporting people by air economically and efficiently did not disappear with Pan-Am!

If we accept the hypothesis that it is not the initial mission that brings about failure, then what factors are involved?

2) Mission

How Has The Mayo Clinic Preserved Its Unique Level of Excellence?

2.1) An Unshakable Faith In Its Mission

The Mayo Clinic is a prime example of institutional success, surpassing all medical standards for over one hundred and forty years. And how has this venerable organization managed to preserve excellence that entire time? According to management, the sole explanation for this miracle is that the Clinic has never, even for an instant, strayed from its basic mission: all decisions, without exception, are made for the good of the patient. It has therefore always been clear just who the client is. Similarly, there has never been any temptation to interpose donors, the government, the Board of Directors, sectarian interests or lobbies between the patient and the hospital.

2.2) Identification of the "Client:" The Crux of Dynamic Tension

The Mayo Clinic has made it a point to never lose sight of its "client." Now, many will say it is obvious that the patient is the client, as the latter requires the service and pays the bill. However, things are generally not that simple, and it is not uncommon to see corporations and institutions hesitate in this regard.

Current management philosophies are gradually beginning to accept the notion of "dynamic tension" as an instrument for work organization and control. At the end of the post-war period, several schools of thought promoted the creation of simple, clear relations among the various corporate work units: if some do this, then others do that. Consequently, all ambiguity is eliminated. In the event that this simple method is found lacking, the command line is followed back to the point where there is a conflict. The manager in charge is then responsible for making a decision and deciding who does what. This system works very well, provided there is nothing to disturb it. However, the constant ambiguity in which managers now find themselves clearly demonstrate the limits of this approach, which is too static and mechanical.

2.3) New Dynamic Tensions Pose a Risk to IDRC

At IDRC, for example, there is a dynamic tension between those who claim that the Centre's mission is, first and foremost, the pursuit of top-quality research projects, and those who say that it consists in attaining development goals. In effect, each side is trying,

in its own way, to define the phrase "research for development." Numerous other issues are also in flux, and it seems, that year in and year out, the Centre has managed to maintain a sound balance among them all. In so doing, it has created its own standards of excellence and carved out a niche for which it holds a true comparative advantage.

Until recently, IDRC had succeeded in avoiding the choice between finding suppliers in Canada (tied aid) and providing for the interests of the Third World. As a result, the Centre has a unique advantage: it is able to support the development of indigenous institutional research capabilities. Our Ukrainian partners have stated several times how much they appreciate this objectivity, and that they want IDRC to help them in implementing their reforms.

However, the new obligation imposed on all IDRC staff to look for new sources of funding constitutes a dangerous trap, as it may imply that the client to be served is the one holding the purse strings. Those who take this line may be tempted to ensure the survival of their unit by sacrificing IDRC standards and respect for the client. There may then be a conflict between the interests of the client and those of the institution. Such a step would inevitably lead the institution to reverse its supplier-shareholder/client relationship. The real client would then be the donor or shareholder, or even the interest group. Generally speaking, it is at this moment that craftsmen are traded for process engineers, because the latter are freer of scientific standards and traditions (this typical pattern occurred at NASA in the '70s and early '80s). The reform undertaken could divide the IDRC into three factions: those who seem to be complying with current guidelines, those who appear to be against them, and those who manage to find a balance.

2.4) Lessons learned from CIDA

CIDA has not been spared this debate, which has been raging since its creation. During the '80s, a deep schism divided those who felt that the Agency's clientèle was the Third World and those, ever increasing in number, who claimed that the taxpayer (Canadian stakeholder) was the client. So what, exactly, is CIDA's mission? Is it to subsidize exporters, whether from the private or the non-profit sector?! This question, which has gone unsolved for several years, has deeply undermined the Agency's self-image and credibility, and contributed significantly to demolishing its comparative advantage, excellence and national and international leadership.

Inevitably, Canadian taxpayers will question whether it is rational to fund exporters through a so-called "international development" agency. They will wonder about the benefits of using development specialists to conduct business, and ask if subsidizing exports actually represents a gain or a loss. With just cause, they will want to know the good of a development agency that more often promises domestic performance than Third World results. In short, they will want to know if, having been sidetracked from its original mission, the Agency still has any merit. However, this climate of doubt may unfortunately lead to discrediting the whole idea of development aid.

When there is a balance between ideas in perpetual dynamic tension, the client can be clearly identified. But when the institution does nothing but hesitate between one idea and the next, useless and costly procedures, systems and mechanisms begin to appear—the result of power struggles, the weapons of those who wish only to advance their own argument. Over the years, with the inevitable institutional reforms, such mechanisms merely increase in number, and partisan factions dig in and fortify their defences. Eventually productivity declines, and still other means are sought to bring it back up to par.

It is at such times, like people facing chaos and plunder who put their fate into the hands of soldiers, that institutions call on technocrats,[3] and the death process begins. Technocrats will hold up new theories as a panacea; depending on the "flavour of the month," they will speak in oily tones about the merits of "A-base studies," "empowerment," "planning and budgeting," "total quality management," "results-based management," "leadership," and so on. The corporate cemetery is full of tombstones bearing these names. Not that these ideas are bad in themselves, far from it: they are the product of intensive research and, in the hands of good managers, they can be useful tools. But they cannot replace the corporate ethic, the staff's know-how, the common sense, intuition, wisdom, and vision of managers.

3) Productivity

The Search for Productivity is a Function of Excellence

The systematic pursuit of the good of the client is a subtle and complex one. The example of the Mayo Clinic demonstrates that quality of care must prevail at all times. However, this cannot be done without limits; productivity gains and reduced costs are important as well. Such concerns are also to the patient's benefit. The latter is not about to pay sky-rocketing costs to allow medical services to protect themselves against all risks, regardless of the expense. Accordingly, instead of implementing complicated and perfectly redundant controls, operating procedures will have to be reviewed to eliminate useless tasks. Each employee will have to fully understand his or her duties, as it is the accumulation of high quality human decisions that guarantees productivity and quality control.

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[3] See *Artists, Craftsmen and Technocrats* by Pamela Pitcher, HEC Press, Montreal, 1994. This remarkable study of the evolution of a great Canadian financial institution divides senior management into three groups: artists, who have a vision and build up the enterprise; craftsmen, who know how to make things, and technocrats, who deal with processes. Unfortunately, experience shows that the latter have a huge destructive capacity. More gregarious than the other two groups, they are efficient predators. They will hunt down the artists because they do not understand how they think, and enslave the craftsmen. In the end, having destroyed these two groups, they have no other choice but to destroy the company as well.

Very often, the search for efficient routines is confused with the establishment of rites and rituals. In a bureaucracy, a new routine tends to be transformed into a rite. The control of rites and rituals is a power issue; it creates employees who are servile rather than productive. The more hostile a group is to taking risks, the more such rites are multiplied; accordingly, employees and managers alike are disempowered, since slavish obedience to form reduces accountability and the obligation to consider the outcome of one's acts. In order to defend itself against all possible errors, the institution multiplies controls and checks to the point where these become more and more redundant. In this way, the cost of each internal transaction becomes increasingly higher and irrational. The cost of control mechanisms gradually becomes higher than the losses and excesses they are supposed to correct.

3.1) Providing Aid to Eastern Europe Requires Greater Productivity

The Office for Central and Eastern European Initiatives has already undertaken research on more productive work methods that take into account the specific problems of the region. Essentially, the OECD decided in 1992 that the members of the former Soviet Union, with the sole exception of the five countries of Central Asia, should be supplied by the private sector; as a result, this sector has imposed its own standards. In particular, decision-making and follow-up deadlines are much shorter than in traditional aid milieus, where standards have been established by public administrations. For example, turnaround time for ordinary cases is 48 hours, and 10 working days for more important decisions. It is expected that complicated, major proposals can be ready in three or four weeks.

In order to attain these results without raising costs, our administrative practices must be simplified—in particular, the management, systems for documentation, project summaries and contracts. Mechanisms for controlling operations, projects and the program in its entirety must be refined. If we are to account for credits more accurately, all these measures must be geared toward results; donors are insisting more and more on this criterion. Local costs for our Kiev office must be reduced, and available services, increased. Our communications with the exterior and our Kiev office also need considerable improvement. In short, we must develop a true project-management capacity within the IDRC. At the same time, we must reduce our overhead costs.

4) Relevance

Efficiency Is Not Enough: We Must Also Be Relevant

Where science ends, art begins. If there is no known solution to a problem, it is useless to invent a new procedure just because it makes the manager feel good by giving him or her the illusion of adding a logical, controlled sequence, when intuition based on experience and adherence to professional standards should prevail instead.

The search for relevance must replace the implementation of pre-established procedures. Like the Mayo Clinic, IDRC is facing new problems that necessitate a response improvised in keeping with specific circumstances. What matters most, therefore, is relevance. When there is not a known solution to a problem, intuition based on experience and adherence to professional standards must predominate. It is the only way to arm ourselves against the trap of priorities, standards and policies. These instruments are meant to guide us in our daily actions by means of general principles. However, they prevent the resolution of particular problems, and constitute an enormous barrier to innovation.

4.1) Relearning to Accompany Development

The economic failure of numerous African countries and of the former Soviet Union has caused their leaders to withdraw: they have become uncertain as to what should be done. Several aid agencies have fallen into the resulting "power vacuum," and decided to "at last implement development properly." In a large measure, this is what is camouflaged in the field by the "conditionality and good governance" doctrine. In Eastern Europe, action plans developed by experts are monopolizing all sorts of shelf space. These reports are full of weighty maxims on the art of managing the private sector and the economy. They contain diverse and often contradictory prescriptions for success. However, this attitude leads nowhere. Rather than disempowering managers and second-guessing their judgment, the latter should be left to find the right path by themselves.

In short, we must relearn how to "accompany development": that is, to provide relevant and compassionate support of all efforts voluntarily undertaken by indigenous populations to achieve progress.

Knowing how to listen does not mean waiving one's free will or right to reply; on the contrary, freedom of speech is the main condition of a successful dialogue.

It is better to export basic values than to export or impose specific behaviour models. More than one agency, in the rush to do so, would seem to be tempting fate. After all, our democracies have been built gradually, by combining new values such as human rights, transparency, freedom of speech, and universal suffrage with the historical and cultural evolution specific to each nation. The anticipated political and economic reforms will occur at a rate we cannot predict. Even in a best-case scenario, if all goes well, the final result will be very different from what we might imagine today.

The former Soviet Union is facing an enormous social, political and economic experiment in re-engineering. Its members will have to learn how to make such reforms properly through a process of trial and error. If IDRC participates in these efforts, it must consider them in their entirety as a social research laboratory, and adopt the role of resource. Our short experiment in the Ukraine has shown that eight decades of dictatorship and submission to an extremely centralized government, and especially the systematic application of excessive punishment (deportation, torture, imprisonment and

the death sentence), have taught its citizens to avoid any and all responsibility. Individual survival was generally based on an ability to disguise all connections between work and its consequences, between effort and results.

It would thus seem obvious that the concepts of accountability and transparency must be introduced slowly and tentatively rather than by imposing conditions. Making "management by results" a part of every project does nothing but create stress and equivocation. We must reconstruct an atmosphere of trust while we are introducing new ideas and improving methods. In other words, we must adopt a "furtive" stance, like that of a stag testing the air.

4.2) Traps To Be Avoided

4.2.1) Strict compliance with an operating plan is intended to reassure the donor and guarantee predictable, controlled cash outlays. However, it also often prevents necessary project adaptations from being made.

4.2.2) Deadlines and schedules are usually established to accommodate the donor, not the recipient. For bureaucracies, time management is secondary to the adherence to forms and procedures—i.e., imposed rituals. In a process of cultural change, time management constitutes the most crucial condition. To paraphrase he economists, everything must be governed by demand, never by supply. We must know how to balance activity with respite, how to "make time for time" and how to maintain our rhythm without forcing the pace.

4.2.3) When several donors (and therefore several schools of thought) attempt to provide assistance at the same time, each and every one of them exports and imposes its values and working methods. These plethoric systems and the contradictions that ensue are impossible to manage. Despite the best intentions, this "cohabitation" of incompatible systems will end up destroying the institutions involved.

4.3) Natural Drift Tendencies and Imported Management Practices

To ensure that changes last, current management practices must not bias the contemplation or adoption of suitable new practices. In other words, the accounting system, contract standards, and personnel management methods must have a neutral effect on the outcome of whatever is under consideration. This dimension is often neglected when changes are undertaken; standard practices may gradually and surreptitiously turn the organization away from its new objectives.

One can view the export of management, decision-making and control systems as transplants: the body will either accept or reject them, often after a considerable amount of struggle and suffering. Every value system carries with it an intrinsic bias, a natural drifting force. When exported and integrated into another cultural milieu, it will interact

with local values. Depending on the tendencies inherent in the two systems, the exported system may amplify and exacerbate the defects of the recipient system.

Below is an interesting example of how culture, conflicts and management intermingle.

Results-Based Management: A Universal Panacea?

One might be tempted to believe that what saved the Mayo Clinic is that for 140 years it has remained concerned with results. Follow-up practices mean that teams ask such questions as "Did our work help cure the patient?" At another level, the same team will ask: "Are current operating procedures the best available? How can they be improved?" And, thirdly, the team must analyze the tools used: "Should they be re-evaluated to produce better results, or simply to be more efficient and less costly?" This is the proper way to deal with results.

A new principle called "results-based management," however, has made its way to Canada from the major American schools. It consists, in part, of another fashionable technique aimed at providing technocrats with jobs and prestige. Jourdain has always written prose without knowing it. Those described by Pamela Pitcher as craftsmen (and *a fortiori*, the visionaries) have always been extremely conscientious about attaining results. Posing the question again today may initiate a very intelligent and productive deliberation, but what we see in the end is merely the superficial and mechanical application of a new slogan. The time will come when this "transplant" is replaced by another. Measurement of results certainly constitutes an important criterion, but is not in itself sufficient to maintain excellence. An analysis of natural drift tendencies will show why.

The American system has historically done everything possible to avoid any type of discretionary power. The "contract" that binds the government and its principals, or the State and a supplier, must be free of all subjective judgment. Accordingly, the target is to establish "honest contracts."[4] However, this system will easily fall prey to procedural and legal drift, because the goal of objectivity will be pursued past the stage of realism; the result is a very specific manner of procrastinating. It is the American sense of risk that regularly helps correct the excesses of legalism and the exaggerated concern with short-term, measurable results. As market forces are allowed to operate fairly freely in the United States, bankruptcies, mergers and takeovers make it possible on a regular basis to eliminate the victims of "rampant proceduritis."

In the absence of this natural counterbalance—i.e., risk tolerance—we may see the

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[4] See P. D'Iribarne, "L'enracinement culturel de la gestion des entreprises," in *L'Esprit d'entreprise, actes des journées scientifiques de l'UREF, Ottawa, Sept. 19-20, 1991.* Paris: J. Libbey, 1993.

agonizing spectacle of an institution goings round in circles, the prisoner of a logic it cannot understand, incapable of finding answers within its natural environment to the problems plaguing it. This is often what occurs in the Canadian Public Service, when consultants are used as intermediaries to directly import unadapted organizational models designed for private enterprise in the United States.

The results-based doctrine thus provides an ideal alibi for avoiding any kind of risk-taking: results must be tangible, measurable and predictable. The theory makes it possible to divide any human activity into distinct little steps, and to preserve the privilege of recanting in the face of the slightest changes in policy. New approaches and long-term commitments are thus totally marginalized, leaving the way open for only that which is familiar and capable of providing immediate gratification.

NASA's dilemma is related to the difficulties involved in demonstrating a cause-and-effect link between preventive action and the absence of a disaster. The analysis tools provided by "results-based management" are not well suited to this type of result. The same holds true for the problems inherent in clearly identifying the steps needed for reform in the former Soviet Union. As this is the first time such a route is taken, it would be specious to claim to know what progress indicators should be used.

We can therefore not insist enough on the importance of research and experimentation in the understanding of value systems to implement truly appropriate corrective action and regulatory mechanisms. Stipulations grounded in ideological prejudice or successful experiments in a different context are a very poor basis for action.

In short, many technical assistance practices have resulted in the disempowerment of those in charge of recipient institutions, an impoverishment of the quality of decision-making and control mechanisms through the under-utilization of local human resources, and the export of plethoric management models, that were contradictory and culturally unsuitable.

5) Vision

Relevance Also Means Evaluating the Future

It is in the interest of the organization to have a far-reaching vision. Current circumstances, especially technological change and the daily evolution of know-how, mean that organizations must maximize their ongoing efforts to adapt. The only durable result of re-engineering is the habit and capability of living in a perpetual state of re-engineering. The organization must therefore propel itself forward to remain true to its mission. It must constantly re-evaluate its vision of the future and adapt itself on a continuous basis. Forward thinking leads to a "vision of possible futures" that is shared throughout the organization. This in turn encourages initiative, innovation and creation on the part of the staff. It is what allows the organization to direct action

and get the best from everyone.

Forward thinking initiates a productive process. To grasp the future, it is necessary to first understand the past. The search for basic values and traditions is then documented and better understood. At the same time, sources of resistance to change are revealed. Second, this exercise leads participants to weigh all possible scenarios and properly identify those that are illusory. The resultant realism has a generally positive effect on the organization's morale. Anxiety is reduced because employees learn to accept limitations, and because the future becomes less uncertain. There is no more effective way to enable a group to take charge. As long as the future is seen as a set of events that cannot be changed, there is no choice but to wait passively for the inevitable. At most, some will try to predict what might happen, and the outcome will be at best a "prophecy that holds true." However, as soon as people realize it is possible to affect one's own destiny, and that of the organization, and that such action may improve their own lot as well as that of the organization, they are instilled with an energy they did not seem to have before.

Forward thinking is thus not only a means of better targeting and directing action, but a very effective way to involve people in a process of reform.

6) People

The Driving Force Behind Excellence Consists of People and Their Relationships

6.1) Liberating the Individual's Creative Spirit

Liberating the individual's creative spirit provides the main key to unlocking the door to corporate adaptability. Max de Pree explains that "The art of being an employer consists in liberating people so they can do what is expected of them as efficiently and humanely as possible. The employer is thus a "servant" of his employees, insofar as he eliminates obstacles that prevent them from doing their job. To summarize, the true business leader gives his associates the opportunity to develop their full potential."[5] [translation] The concept of "empowerment" so dear to administrative gurus thus necessarily involves "de-feudalizing" relations between employer and employee. Traditional reporting structures must be replaced by relationships characterized by considerable freedom of action.

To balance this freedom, however, there must be a system of corporate loyalty that unites all members into a cruciform network designed to supplant top-down control structures. To traditional (two-way) vertical links must be added lateral pathways that engender and nourish feelings of belonging and a clear perception of corporate identity. History has shown time and time again that a deep feeling of belonging, together with a lucid vision

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[5] Max de Pree, *Diriger est un art*, Rivages, 1990.

of identity, constitute the main resource of groups in jeopardy. Such shared values mean that a number of behavioural and operational rules can be bent; this in turn leads to the search for new working methods, better tools, and innovation in general.

6.2) The Emergence of "Occasional Leaders"

In this perpetual quest for improvement, occasional leaders emerge. Their *ad hoc* initiatives should be applauded, and others should be encouraged to follow their lead. Such initiatives come from everywhere and nowhere; at a given moment, these leaders shine, either because they have specific strengths and convictions, or because the particular nature of the problem encourages them to take charge. However, the insecurity of employers and the ongoing state of competition inherent to line organizations often quashes such unexpected initiatives. This, unfortunately, represents an irreparable loss for the whole organization when, in order to survive, it must call on all the ingenuity and dynamism its employees can offer.

The concept of "occasional leaders" should be distinguished from that of "delegation." The latter consists in making a subordinate responsible for a specific task. The employer thus retains all powers of judge, jury and executioner. The occasional leader, on the contrary, truly holds the reins of power when accomplishing a specific task. This may in fact involve putting the boss to work and judging the quality of that work. The best example of this concept in action is extramural activities such as the United Way campaign or an annual golf tournament. These duties are generally taken over by occasional leaders, often subordinates, who then demonstrate remarkable organizational and motivational skills. In such cases, employers accept the reversal of leadership roles and allow themselves to be directed gracefully. There is nothing to stop the same creative approach from being used with respect to tasks directly related to the organization's mandate. However, in a parliamentary system, the minister assumes all responsibility for the actions of the department, and is the only one accountable for them alone before Parliament. As a result, the chain of command tends to remain very rigid... "accountability oblige!"

6.3) Compensation: Not the Sole Source of Motivation

Those hard and fast advocates of a market economy neglect other motivating factors. In a market economy, much is made of merit bonuses, performance bonuses, and financial incentives in general. Remuneration that is commensurate with effort—and especially with results—constitutes a solid incentive, and most of the time, this is sufficient. However, it is not the only factor at play. The true pursuit of excellence resides in much more subtle psychological mechanisms.[6] Athletes who reach the summit of excellence do

[6] "I would like the Medici to employ me, even if they only make me turn stones..." These few words, contained in a letter from Machiavelli to his friend Vittori written on December 10, 1513, perfectly describe the passion for "service", the true vocation of the Public Man.

so first and foremost for their own reasons. Naturally, several will go on to a second career where they reap the financial benefits of the first, but this is not their main motivation. Someone wants to be the best diver or skier in the same way as he or she wants to be the best physician or painter: the goal stems from an inner quest that public or peer recognition often suffices to reward. Financial remuneration ranks second or even third, behind the family.

The Mayo Clinic provides an excellent case in point. After joining the institution, a young physician, chosen from the top of the class, may aspire to five years of progressive pay raises. After this time, provided he or she is still in the Clinic's employ (i.e., still one of the best), no more raises are granted. The physician will receive the average compensation corresponding to his or her specialty, nothing more, nothing less. In short, that individual will remain at the same salary level (a very satisfactory one, however!) the rest of his or her career.

6.4) Peer Appraisal: Central to Quality and Excellence

The need to preserve excellence is above all a concern of those who aspire to excellence. As a result, evaluation must come from one's peers, not just one's employer. This notion runs counter to the generally accepted doctrine that only the employer should assess his subordinates. This utilitarian view of appraisal winds up in conflict with the pursuit of excellence, by gradually and insidiously favouring subordination to one's superior over respect for the quality of work, the corporate mission, and professional standards. Experience shows just how easy it is to substitute a feudal oath to one's liege lord, who dispenses all promotions and punishments, to loyalty for the organization.

What unites an institution engaged in the pursuit of excellence is therefore not dependence on competition for financial remuneration; on the contrary, this competition may corrupt the institution by promoting immediate and visible results to the detriment of the development and maintenance of high standards. Like the flying buttresses of Gothic cathedrals, control mechanisms play a secondary support role: what preserves excellence is a close-knit network of basic values that can be integrated into—and are in turn protected by—existing traditions. When the fundamental mission is outlined in the organization's act, no one can depart therefrom, and everyone becomes a guardian of the mission and its evolution. The obligation to produce then becomes an effective tool for controlling overzealousness and limiting the temptation to eliminate all risks.

Doing away with a management level and obliging people to work in thematic groups is in itself an audacious decision which contains a dual challenge and a dual opportunity. In the absence of immediate supervisors who might have subtly opposed change, employees will eventually come together as a family. In many cases, this new unit will be the sought-after basis for developing new multi-disciplinary projects. It is a way to force people to incorporate new values and behaviour. It is within these newly formed groups that quality and excellence must continue to thrive. These units have to weigh daily the

balance between the needs of the co-donor and the respect for the client. To properly meet this challenge, they must be given the resources they need to properly exercise their judgment.

The "peer appraisal" system is essential here, whereas "top-down" evaluation constitutes a serious threat: it may introduce a subtle bias in favour of those individuals who survive because they are better able to give the impression of pursuing new corporate goals. Given the complexity of recent problems, and especially their multi-dimensional aspect, the most appropriate response may be to step back and regain our perspective. When NASA sent its first rocket to the moon, it had mapped out the trajectory to the last detail. In actual fact, however, this plan was followed for only 3% of the total voyage. Every instant, every hour, the computer recalculated and corrected the trajectory in keeping with the circumstances and the inevitable deviations. In short, 97% of the time, the rocket may have appeared off-target. However, NASA never lost sight of the fact that the goal was to land on the moon. To attain our goals, we must be able to step back, rewrite the plan, and refuse to act like robots.

It is impossible for the supervisor alone to ensure that new objectives will be reached while at the same time respecting IDRC traditions of excellence. Now would be an opportune moment in the history of the organization to introduce an assessment system within which group members evaluate one another and provide their supervisor with the necessary feedback. Groups must be placed in a subtle state of competition in order to avoid complacency. This is also a means for integrating regional offices into the process.

The system is thus making progress and adapting by reducing encumbrances and compromises. It is therefore possible, perhaps, to protect an organization from inevitable corruption and death at the hands of technocrats. As Pitcher demonstrates very well, any organization that is empty of human content is destined to disappear.

7) Focusing

Conclusion: A Few Words on the Concept of "Priorities"

Action must be properly concentrated and focused. The freeing up of creative forces is not the product of chance, nor a disjointed, disorderly process. In order for an organization to truly benefit from the creative energy of all its employees, the latter must: (1) understand the corporate mission; (2) grasp the organization's vision of the future; and (3) properly master the centre focus of all dedicated attention. Otherwise, considerable energy will be spent uselessly—and, worse still, several poorly integrated initiatives will have a disastrous impact on operations.

This concept is different from the notion of priority as practised in public administrations. The establishment of priorities—just one more way of simplifying and mechanizing the decision-

making process—is exacerbated by the tendency to decrease risk-taking, and results in catastrophe. Numerous activities are excluded, even if they are vital to attaining objectives. The focussed approach, however, makes it possible to select any activity whatsoever, provided it contributes to the main objective; at the same time, it allows for the elimination of activities that, while considered priorities, would have had a negative impact on the organization's future. The ensuing strategic choices will better reflect the changing environment, without losing sight of either the organization's mandate or end goals. The research for opportunities and sense of tactics will also be improved.

Lastly, this concept makes sense only if it is accompanied by sustainability and persistence. Focus cannot be changed to suit the fashion of the day; it is a lifetime commitment, the essential requirement for a sense of mission.

VALUES UNDERLYING THIS TEXT

At the risk of appearing complacent, I feel it is vital to repeat that people are an organization's only real resource. It is the individuals associated with an institution who create and implement ideas. Without them, nothing would exist: there would be no memory, no strength, no "comparative advantage". The basic value, which is so important it would be trivialized if numbered, **is respect for people**. Individuals have rights and duties, and the most essential of these is the right to do an excellent job coupled with the duty to do so with pleasure.

There are eight other values:

1. Power rests with ideas. Ideas, much more than financial resources, should dominate Canada's foreign policy agenda, and policy should stem from a great vision. Like IDRC, the Office must help establish that policy, in a dynamic way and making full use of all its capabilities.

2. Respect for knowledge and intellectual rigour. Ideas do not come freely: they mature in the painstaking search for facts, concrete experience, and respect for know-how.

3. Relevance remains the most fundamental value. When all is lost—richness, beauty, and power—only relevance remains to justify human intelligence.

4. Anticipation preserves relevance. The tendency to make decisions based on outdated information leads inevitably to an "irrelevant" response to the world's perpetual evolution. Forward thinking is vital if we wish to focus on action, anticipate danger and opportunities, and especially allow the organization to take its destiny into its own hands.

5. The search for excellence develops the necessary leadership. Many decisions cannot be made except in a climate of uncertainty. This uncertainty constitutes a serious handicap when people must be convinced of the usefulness of taking complex avenues and risks that cannot really be evaluated except intuitively, based on past experience. The sustained pursuit of excellence, and the recruitment and training of top-notch employees, is essential to building up such leadership.

6. Integrity is preserved by the search for productivity. Integrity is a moral virtue that is paramount to any successful scientific undertaking. Without integrity, there is nothing but lies and sloth. The true search for productivity constitutes a subtle tool for preserving integrity.

7. To be efficient, attention must be directed toward goals. Action must be strategic, precise, and properly focussed.

8. Nothing can better preserve these values than the relentless pursuit of the mission.

The seven keys for the protection of the corporate mission	The seven keys for the protection of excellence
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Hands on experience	Never loose sight of the mission
Excellence	Hands on experience
Leadership	Leadership
Productivity	Productivity
Relevance	Relevance
Foresight	Foresight
Focus	Focus